

AMENDED IN SENATE MAY 17, 2005

AMENDED IN SENATE MAY 5, 2005

AMENDED IN SENATE APRIL 20, 2005

SENATE BILL

No. 234

Introduced by Senator Runner

February 15, 2005

An act to amend Section 19545 of, and to add Section 19571 to, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 234, as amended, Runner. Taxpayer information: income tax return: disclosure.

The Personal Income Tax Law and the Corporation Tax Law impose taxes on, or measured by, income. Existing law allows a tax return or return information filed under those laws to be disclosed in a judicial or administrative proceeding pertaining to tax administration under certain circumstances.

This bill would prohibit the disclosure of the taxpayer's personal information, as defined, to the general public unless the disclosure is specifically authorized or required by law. This bill would also provide an exception to this general prohibition by authorizing an officer or employee of the State Board of Equalization to disclose personal or financial information of a taxpayer to the general public if that information is directly related to matters at issue before that board. *This bill includes legislative findings that any limitations on the public's right to access that would be made by this bill serve a compelling state interest.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. The Legislature finds and declares that Section*
2 *2 of this act, which amends Section 19545 of the Revenue and*
3 *Taxation Code, imposes limitations on the public's right of*
4 *access to the meetings of public bodies or the writings of public*
5 *officials and agencies within the meaning of Section 3 of Article*
6 *I of the California Constitution. Pursuant to that constitutional*
7 *provision, the Legislature makes the following finding to*
8 *demonstrate the interest protected by this limitation and the need*
9 *for protecting that interest:*

10 *Taxpayers submit sensitive personal information, including*
11 *social security numbers, telephone numbers, and personal*
12 *residence addresses in tax returns. Protecting the privacy of*
13 *taxpayers' personal information from public disclosure serves a*
14 *compelling state interest and is a necessary function of the state.*

15 ~~SECTION 1. The Legislature finds and declares all of the~~
16 ~~following:~~

17 ~~(a) The Franchise Tax Board and the State Board of~~
18 ~~Equalization possess private information that is submitted by~~
19 ~~taxpayers.~~

20 ~~(b) Protecting the privacy of taxpayers' personal and financial~~
21 ~~information is inviolate and a necessary function of the state.~~

22 ~~(c) The purpose of this act is to protect taxpayer privacy.~~

23 SEC. 2. Section 19545 of the Revenue and Taxation Code is
24 amended to read:

25 19545. (a) A return or return information may be disclosed in
26 a judicial or administrative proceeding pertaining to tax
27 administration, if any of the following apply:

28 (1) The taxpayer is a party to the proceeding, or the
29 proceeding arose out of, or in connection with, determining the
30 taxpayer's civil or criminal liability, or the collection of the
31 taxpayer's civil liability with respect to any tax imposed under
32 this part.

33 (2) The treatment of an item reflected on the return is directly
34 related to the resolution of an issue in the proceeding.

35 (3) The return or return information directly relates to a
36 transactional relationship between a person who is a party to the
37 proceeding and the taxpayer which directly affects the resolution
38 of an issue in the proceeding.

1 (b) (1) Personal information disclosed to the State Board of
2 Equalization in accordance with subdivision (a) may not be
3 disclosed to the public unless that disclosure is specifically
4 authorized or required by law.

5 (2) For purposes of this subdivision, “personal information”
6 means the social security number, telephone number, or personal
7 residence address of an individual.

8 SEC. 3. Section 19571 is added to the Revenue and Taxation
9 Code, to read:

10 19571. An officer or employee of the State Board of
11 Equalization may disclose personal or financial information of a
12 taxpayer to the general public if that information is directly
13 related to matters at issue before that board.